



Region III Report

News from around the Region

April – June 2005

Third quarter sees many Region III successes

U.S. Small Business Administration
Region III – Serving Delaware,
Maryland, Pennsylvania, Virginia,
West Virginia and Washington, D.C.

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For More Information

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk: 1-800 U ASK SBA
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- Your rights to regulatory fairness: 1-(800) REG-FAIR
- SBA Home Page: www.sba.gov

All of the SBA's programs and services are provided to the public on a non-discriminatory basis.

Philadelphia, Pa. -- We have closed out the third quarter of the fiscal year and it has not been without its challenges and rewards. We have celebrated Small Business Week across the region and participated in a significant way to the success of SBA Expo 2005, April 26 through 28, in Washington, D.C.

"My Administration is committed to keeping small businesses vibrant and strong," said President **George W. Bush** during the SBA Expo 2005. "... and, we have promoted a culture of ownership so that more people can own their own homes and start their own businesses."

I know that all of you have worked diligently to ensure that our Nation's economic engine, small business owners, received the recognition they deserve. Every year since 1963, the President has decreed National Small Business Week in honor of the men and women who take the risks and rewards of business ownership in stride. We owe them and their advocates our respect and gratitude.

Ceremonies in the five states and the District of Columbia honored outstanding district, state and regional entrepreneurs and their champions.

Other events of note include the Regulatory Fairness Board Hearings in the Philadelphia and Virginia districts and the Region III Small Business Size Standards Hearing. It is imperative that the executive level of our government hear the voices of small business owners. These hearings give them that voice.

Region III is engaging the complex financial and technical assistance needs of small business owners everyday. The agency's customer-centered programs provide the tools our people need to deliver. At the end of June, marking the end of the third quarter of fiscal year 2005, our seven district offices are backing more loans in the region than ever before. Counseling and technical assistance numbers are also increasing. We also have a robust Faith-Based and Community Initiative, a Presidential special interest program. We must reach entrepreneurs at the community level to be successful and relevant as an agency.

Enlisting the help of local and state elected officials and the advisory council is a proactive step towards insuring our success. Educating entrepreneurs about the SBA is an absolute priority.

Loan guaranty approvals are steadily increasing. Through the third quarter of FY 2005, which began on Oct. 1, 2004, there were 7,047 loans approved in Region III with a value of more than \$1 billion compared to 6,427 loans worth \$1 billion during the same period last year. We are on track for another record year.

I am certain you will continue your winning ways as we close out the fiscal year. Thank you for taking on the challenges while maintaining a positive outlook. I am extending a special note of thanks to our lending community and resource partners for their role in our success.



Stephanie A. Watkins
Regional Administrator, Region III

SBA Deputy Sabelhaus returns to private sector

Washington, D.C. – Melanie Sabelhaus, deputy administrator of the U.S. Small Business Administration, resigned from her position at the agency on June 15 to return to the private sector where she had been a successful entrepreneur, businesswoman, philanthropist and corporate officer for 25 years.

Sabelhaus, the founder of a property rental and management company in Baltimore and Washington, D.C., was sworn in as deputy administrator in April 2002. She considered several options before leaving the SBA.

"It has been a distinct pleasure for me to have worked these past few years with Melanie," said SBA Administrator **Hector V. Barreto**. "I believe I speak for the entire agency when I say we will miss her energy, her passion for women's business issues, her business sense, and her tireless work on behalf of small businesses everywhere."

"I feel I have the best job in government, working with entrepreneurs, the engine that is fueling our economy every day all over the country, and working with women, the economic powerhouse of the 21st Century, who are starting new businesses at twice the rate of men," Sabelhaus said just prior to leaving.

"They are the innovators and job creators and heart and soul of America; what an honor this has been to serve President Bush and my country, and to work with Hector Barreto. I will never forget this experience."

As Deputy Administrator, Sabelhaus served as second-in-command to Barreto in managing an agency with more than 80 offices around the country.

Small Business Factoid
Did you know that there are over 27.9 million people and 565,888 businesses in Region III?



"...small business owners are taking risks and pursuing dreams, and as a result . . . creating jobs for millions of our citizens."

President George W. Bush at SBA Expo '05

Pictured with President George W. Bush is Marianne Sensale-Guerin, President and owner of Guerin Associates, an environmental services firm in Gorham, Maine, and SBA's Small Business Person of the Year 2005.

Region III salutes America's small businesses

Philadelphia District

The Philadelphia District Office on May 19 held a successful Small Business Week event with more than 380 people present. Regional Administrator Stephanie A. Watkins addressed the group and presented awards to Michael Pearson, owner of Union Packaging, Yeadon, Pa. *Eastern Pennsylvania's Small Business Person of the Year* and other award winners. The ceremony, SBA Day at Citizens Bank Ballpark, is a prelude to the Philadelphia Phillies' game.

Delaware District

The Delaware District Office put small business on a pedestal at its annual Small Business Week awards gala. The annual awards dinner, Small Business Honors: Recognizing Entrepreneurial Success features a program with the award winners' photos on pedestals and distinctive awards highlighting the pedestal theme. Jonathan Cherins, leader of Dun & Bradstreet's Small Business Group was the keynote speaker with 291 small business owners and advocates in attendance. Mary Anne Murray, owner of Griswold Special Care, is *Delaware's Small Business Person of the Year*.

Richmond District

The Richmond District Office held a successful Small Business Week luncheon with more than 300 in attendance. Louis Zak of PowerSystems International, Inc. is *Virginia's Small Business Person of the Year*. Zak and other Virginia winners received awards at the annual Small Business Awards luncheon held May 20 at the Jefferson Hotel in Richmond, Va.

Pittsburgh District

The Pittsburgh District Office and the Western Pennsylvania Small Business Network's 29th Annual Small Business Awards luncheon on May 20 drew an estimated 500 attendees. Regional Administrator Stephanie A. Watkins addressed the group and presented awards to the winners. The national Phoenix Award winners for outstanding contributions to disaster recovery by private citizens, Beth Sieminski and Dawn Wyble, also received awards for assisting more than 350 families after severe flooding in Tarentum, Pa. They coordinated local efforts to deliver food, clothing, and much needed cleaning supplies to flood victims.

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SBA Salutes . . . from Page 2 **Washington, D.C. District**

On May 19, the Washington Metropolitan Area District Office saluted the Small Business Award winners at their Gala Small Business Awards Breakfast held at the Ronald Reagan Building, Washington, D.C.

Deputy Administrator (former), **Melanie Sablehaus** gave the keynote address. **Payal Tak** of Telesis Corporation in Rockville, Md. is the **Washington Metropolitan's Area District Office Small Business Person of the Year**. More than 300 people attended the event.

Maryland District

The Baltimore District Office hosted the 21st Annual Maryland Small Business Week Awards Breakfast on May 13 at Martin's West in Woodlawn, Md. The celebration, attended by nearly 800, featured Regional Administrator Stephanie Watkins and Maryland Department of Business & Economic Development Secretary **Aris Melissaratos**. **Mukesh Majmudar**, of Star Hotels, Inc. in Columbia, is the **2005 Maryland Small Business Person of the Year Award**. Two of the 13 Maryland winners, **Paula Klepper** of the Mid-Atlantic Business Finance Company and **Ian Parrish** of the Investors United School of Real Estate also received Regional awards.

West Virginia District

The West Virginia District held its annual Small Business Week Awards Banquet on May 12 at the Charleston Marriott in Charleston W.Va. The event was held in conjunction with the West Virginia Conference on Entrepreneurship and Dreamquest. **Jon K. Hammock**, President and CEO of KeyLogic Systems, Inc., of Morgantown, is the **West Virginia Small Business Person of the Year**. West Virginia District Director **Judy K. McCauley** Presented 1st District Congressman, **Alan B. Mollohan**, the 2005 Veteran Small Business Champion award on June 2 in Walkersville.

Philadelphia District hosts a series of workshops at faith-based and community organizations

By John Fleming
*Public Information Officer/
Economic Development Specialist*

Philadelphia, Pa. -- Over the past few months, the Philadelphia District Office and several local faith-based organizations conducted a series of free small business workshops on starting and financing a small business.

Regional Administrator **Watkins**, District Director **Tom Tolan** and his staff made presentations on the SBA's programs and services. The workshops also included speakers from the Temple University SBDC, Consumer Credit Counseling of Delaware Valley, and Strategies for Small Business, Inc.

SBA held workshops at the following Philadelphia area Faith-based organizations:

- Berachah Baptist Church
- Firm Hope Baptist Church
- Giving of Self Partnership
- Morris Chapel Baptist Church
- New Life Church
- People to People
- Resurrection Baptist Church

The workshops are part of the SBA's Faith-Based and Community Initiative to reach out and educate faith-based and community organizations about the SBA programs and benefits. The SBA is one of 10 federal agencies President **George W. Bush** has designated to help faith-based and community organizations gain access to federal services.

For many years, faith-based and community organizations have been assisting individuals, families and communities. The SBA recognizes that faith-based and community organizations can also play a critical role in helping the SBA locate, train, and finance entrepreneurs.

For more information about the SBA's Faith-Based Initiative, visit <http://www.sba.gov/fbci/>

Philadelphians travel to D.C. for SBA Expo '05



Stephanie A. Watkins (left), Regional Administrator for the SBA's Region III, greets Dr. **Nimidia Oviedo**, President of the first Hispanic rotary club in Philadelphia, Pa. who attended one day of the agency's 2005 Expo in Washington, D.C. honoring the nation's entrepreneurs and advocates. Eleven business owners and community leaders traveled to the event from Philadelphia.

Hearings take voice of small business concerns to U.S. Congress, President

By **Peggy Fajohn**
Public Information Officer

Richmond, Va. -- Small business owners testified about federal regulatory enforcement during the U.S. Small Business Administration Regulatory Fairness Hearing at the National College of Business & Technology, Roanoke Valley Campus in Salem, Va. on April 7.



The Senior Advisor to the SBA's National Ombudsman **Peter Sorum** was on-hand to hear the testimony. Small business owners, community leaders, and members of trade and business associations were invited to discuss federal regulatory compliance and enforcement issues.

Sorum and several other government officials spent the afternoon listening to comments from business owners about difficulties encountered in trying to comply with the myriad of federal regulations.

This forum offered small business owners a chance to express their concerns about federal compliance practices in SBA's Richmond District area, which includes all of Virginia with the exception of the Cities of Arlington and Alexandria and the counties of Fairfax and Loudoun.

Comments and complaints presented during the hearing are directed to the appropriate federal regulatory agency. This information is also shared with federal officials in the Ombudsman's annual report to the U.S. Congress and with managers of federal regulatory agencies to assist them with their enforcement actions.

The National Ombudsman's authority to respond to comments on compliance issues is limited to federal regulatory enforcement matters and does not include concerns about obtaining federal contracts, regulations in general, or securing guaranteed loans.

Five people presented testimony on many topics including: complexity of tax regulations for small business; complexity of labor laws for small business owners; government contracting issues; immigration verification requirements for the SBA-guaranteed loans; the reinvestment of funds into local communities as a result of the Community Reinvestment Act; and the location and definition of HUBZones.

Representatives from the Internal Revenue Service, U.S. Department of Labor, and the U.S. Department of Agriculture were on-hand to hear the testimony and provide comments.



(From left to right) **Grisell Cabero Palsson**, MML Investors Services, Inc., **George Williams**, Alexandria Economic Development Partnership, Inc., and **Tara Miles**, Arlington Economic Development, Washington, D.C. district advisory council subcommittee members meet to elect new chairpersons and set the agenda for their geographical areas.

Deregulation, innovation changes banking

Washington, D.C. – Substantial financial deregulation and financial innovation in recent years have changed banking. The resulting consolidation of banking and improvements in technology has had important effects on small business lending.

According to a study released by the Office of Advocacy of the U.S. Small Business Administration, the way in which bank holding companies grow is through outright merger of non-merged acquisition.

The study's findings suggest that larger BHCs tend to do less small business lending, as a percentage of total business loans.

The organizational form of a BHC relates to small business lending. When BHCs acquire other banks, but do not merge them, small business lending is little affected. In contrast, if bank portfolios are merged and integrated into larger banks, their small business lending declines.

"Financial innovation and deregulation are changing the services banks offer to their small business customers," said **Thomas M. Sullivan**, Chief Counsel for the Office of Advocacy. "Many of the changes have been positive and have opened up capital markets to more firms. Others are changing the relationship between what were once local banks and their customers. This study reports on one aspect of those changes and provides sound insight into the evolution of small business lending by banks."

It focuses on non-credit card lending at the 50 largest BHCs, which represent an even-larger share of U.S. banking assets. The Office of Advocacy, the "small business watchdog" of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. For an overview of the program, visit www.sba.gov/advo.

People on the Move

Richmond District Office

Retirees – **Ernestine Harris**, Business Development Specialist, 31 years of service; **Ernest Ponton**, Business Development Specialist, 29 years of service; **Betty Verser**, Administrative Officer, 30 years of service; **Fannie Gergoudis**, Business Development Specialist, 42 years of service; and **Butch Shelton**, Support Services Assistant, 30 years of service.

West Virginia District Office

Emma Wilson, Business Development Specialist, relocated to the Charleston, W.Va. Branch Office.

Pittsburgh District office

Public information officer **Ray Becki** retired on April 29 after 32 years of service to the SBA and the small business community. Becki's contributions to the mission of the agency are noteworthy. He helped develop successful management assistance programs with the SBDCs and SCORE chapters, as well as co-coordinating the district's public relations functions.

Washington Metropolitan Area District Office

Two business development specialists took the early "Buy Out", **Yvonne Hairston** retired on May 14 with 25 years of government service and **Betty Taylor** retired on May 31, with a total of 33 years of Federal service.

Maryland District Office

Martha Brown and **Lyndia Smith**, both retired from government service in May. Brown, retired after 43 years, most recently having served as the Baltimore district office's Women's Business Representative. Smith served 36 years, specializing in government contracting and business development.

Philadelphia District Office

Seven people left the Philadelphia district office during the third quarter of FY 2005. **Ollie Adams** retired after 38 years of federal service; **Hope Allen**, 22 years; **Diane DiSepio**, 40 years, **Rich Fankhanel**, 34 years, **Howard Harding**, 28 years; **Bob Howerter**, 32 years; and **Ken Olson**, 33 years.

D.C. District signs SAM with Collective Banking Group

Joe Loddo

District Director

Washington, D.C. -- The Washington Metropolitan Area District Office is proceeding with activities outlined in a Strategic Alliance Memorandum with the Collective Banking Group that had its ninth annual Empowerment Conference under the direction of **Reverend Jonathan Weaver**.

Pastor Weaver identified to the conferees the signing of the Strategic Alliance with the U.S. Small Business Administration and the Collective Banking Group.

"We have conducted several of the workshops and provided to all of conference attendees information about the SBA's programs, services and initiatives," said the Metropolitan Area District Director **Joe Loddo**. "The Strategic Alliance has allowed us an opportunity to meet with parishioners who are interested in entrepreneurship."

The Collective Banking Group represents more than 180 churches within the metropolitan area. The district office held several events with attendance ranging from 25 to 150 people and plan to continue outreach events each month.

Operation HOPE, Inc. (OHI) is America's first nonprofit social investment bank and a national provider of financial literacy and economic empowerment programs. Through collaborations and partnerships with leading government, private sector, and community interests, OHI works to bring self-sufficiency and a sustained spirit of revitalization to inner-city communities.

Region III Award winners

Veteran Small Business Champion Region III: Washington D.C.

Joseph A. Wynn, President & Chief Executive Officer
Veterans Enterprise Training & Services Group (VETSGp)

Home-Based Business Champion Region III: Washington, D.C.

Christine M. Krupinski
Artist and Designer
CK Art & Design Studio

Small Business Exporter Region III: Pittsburgh District

Stefan Frembgen, Ph.D.,
President
Ingmar Medical, Inc.

Young Entrepreneur Region III: Washington, D.C.

Ian Charles Parrish, President
Investors United School of
Real Estate

Financial Services Champion Region III: Baltimore District

Paula Klepper
Mid-Atlantic Business Finance
Company

Minority Business Champion Region III: Delaware District

Jacinta C. Pannell
Community Development Business
Banker

Women in Business Champion Region III: Philadelphia District

Kathleen O'Brien, Esq.
Montgomery, McCracken, Walker
& Rhoads, LLP

Family-Owned Small Business Region III: Pittsburgh District

Scott Hanaway, President
Tech Tool & Molded Plastics

Small Business Journalist Region III: Washington, D.C.

Steven D. Strauss
Columnist-USA Today/Author

Western Pa. staffers talk about entrepreneurship with Pittsburgh business owners

By **Donald Nemchick**
Public Information Officer

Pittsburgh, Pa. -- Carl Knoblock, District Director of the Pittsburgh District Office, and **Donald Nemchick**, Veterans Business Development officer, were speakers and panelists for the inaugural program "Smart Solutions for Today's Entrepreneur" sponsored by St. Vincent Small Business Development Center in Latrobe, Pa. on May 10.

This action-packed conference was dedicated to strategies for small business success.

The keynote speaker was **Dr. Scott Shane**, Director, Center for Regional Economic Development.

Speakers at Case Western Reserve University spoke to the audience about finding fertile ground and identifying opportunities for new business ventures. **Patti L. Ruby** of eBay University was also featured. Patti has helped thousands of people learn how to start buying and selling on eBay, the web-based international auction hub. Many of her students have successfully turned eBay into lucrative businesses with full-time income.

Jim Kunkle, Executive Director for the SBDC said, "We appreciated the SBA teaming up with us to provide entrepreneurs the information and inspiration they need to begin the road to success. Carl (Knoblock) provided valuable insight and experience. We are glad he is on board."

The SBDC and Pittsburgh District Office plan to hold the event next year. The response from attendees revealed a need for hands-on training, particularly for women-owned, veteran-owned and family-owned business.

Hearing gathers views on size standards

Philadelphia, Pa. -- A public hearing in Washington, D.C. on June 17 hosted by the U.S. Small Business Administration gathered input from small business owners in Region III regarding the agency's size standards regulations used to define the size of small businesses.

The hearing, one of 11 held across the country, provided a medium for business owners to voice their concerns and provide input to help the SBA simplify and restructure its size standards and make other changes to make them easier to understand and use.

The SBA also sought testimony on the participation of research and development companies that are majority-owned by venture capital companies in the SBA's Small Business Innovation Research program.

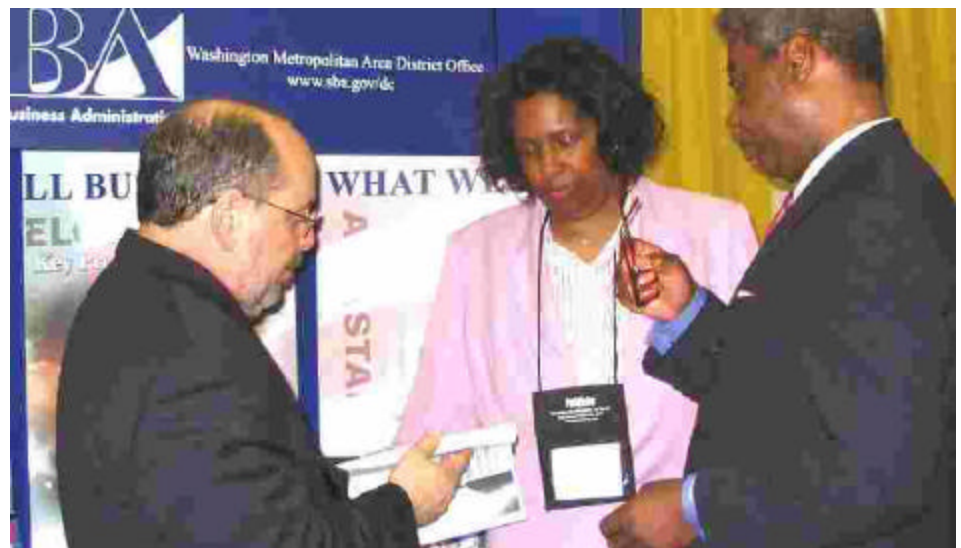
Approximately 75 business owners from Region III, which includes, Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and Washington, D.C., provided testimony and an additional 20 were present.

"Size standards are important to businesses that seek assistance from the SBA's small business development programs, including federal contracting," said **Stephanie A. Watkins**, Regional Administrator for the SBA's Region III. "The SBA is taking comments directly from the public before deciding which improvements to pursue."

The SBA will consider a new size standards proposal once a thorough review of comments received from the public is completed. The SBA is currently evaluating more than 6,000 comments submitted in response to the advance notice.

For more information, visit the SBA Web site at <http://www.sba.gov/size/anprm.pdf>. You can view a Federal Register notice about the hearings at <http://www.sba.gov/size/hearings.pdf>.

RA attends realtors' conference to pitch 504 loans



During the National Association of Realtors Expo, May 11 through 13 in Washington, D.C., **Joseph Loddo** (left), Metropolitan Area District Office and **Stephanie A. Watkins** (center), Regional Administrator, Region III explained the benefits of the SBA's CDC-504 Loan Program to **Frank Green** (right), Certified Residential Specialist - Vice President of Century 21 Access America, Stamford, Conn. Green, Connecticut Association of Realtors President in 1995, was the first African American state president in the NAR.